



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 04-25, Michigan State Income Tax Withholding

Date: August 16, 2004

To: Holders of TAXES (State of Michigan only)  
Personnel User Groups  
T&A Contact Points in Michigan

Beginning with wages paid for Pay Period 16, the National Finance Center (NFC) will change the Michigan state income tax withholdings. The withholding rate for the state of Michigan will decrease from 4 percent to 3.9 percent.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to the NFC Home Page ([www.nfc.usda.gov](http://www.nfc.usda.gov)) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by “►◄”.

For questions about NFC processing, contact the Payroll Operations Branch at **504-255-4630**. Please refer questions about system access and other system-related issues to Customer Support at **504-255-5230** or via e-mail at [customer.support@usda.gov](mailto:customer.support@usda.gov).

RANDOLPH H. GONZALES, Acting Director  
Government Employees Services Division

# Michigan State Income Tax Information

<b>State Abbreviation:</b>	MI
<b>State Tax Withholding State Code:</b>	26
<b>Acceptable Exemption Form:</b>	MI-W4
<b>Basis For Withholding:</b>	State Exemptions
<b>Acceptable Exemption Data:</b>	0/Number of Exemptions
<b>TSP Deferred:</b>	Yes
<b>Special Coding:</b>	Determine the Total Number Of Allowances field as follows: <b>First Position</b> - Enter 0 (zero) <b>Second and Third Positions</b> - Enter the number of exemptions claimed (Line 6 on the MI-W4).
<b>Additional Information:</b>	None

## Withholding Formula ►(Effective Pay Period 16, 2004)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages by 26 to obtain the gross annual wages.
5. Determine the exemption allowance by applying the following guideline and subtract this amount from the gross annual wages to compute the taxable income.  
  
Exemption Allowance = \$3,100 x Number of (Personal/Dependency) Exemptions
6. Multiply the result of step 5 by ►3.9◄ percent to obtain the amount of annual Michigan tax withholding.
7. Divide the annual Michigan tax withholding by 26 to obtain the biweekly Michigan tax withholding.